

HOUSE RESOLUTION 24
By Brown

A RESOLUTION to create a special committee to study the community investment ratings and practices of financial institutions designated as state depositories.

WHEREAS, presently state law permits certain banks and savings and loan associations to be designated by the state treasurer, the governor and the commissioner of finance and administration as state depositories; and

WHEREAS, legislation introduced in a recent General Assembly sought to prohibit certain financial institutions from being designated, or retaining designation, as depositories of state funds; and

WHEREAS, such legislation would have required a financial institution designated as a state depository to substantially comply with federal law regarding community reinvestment in order to retain its standing as a state depository; and

WHEREAS, such legislation would have provided that any financial institution receiving a community reinvestment rating of "needs to improve" or "substantial noncompliance" assigned pursuant to federal law could not be designated or retain designation as a state depository; and

WHEREAS, upon subsequent assignment of a community reinvestment rating of "outstanding" or "satisfactory" such financial institutions could again be considered for designation as a state depository; and

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WHEREAS, it is vital for financial institutions to reinvest in the communities they serve, and such financial institutions' track record of community reinvestment should be carefully considered when they are being considered for designation as a depository of state funds; and

WHEREAS, this matter is of grave importance and is worthy of consideration by this General Assembly; now, therefore,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE ONE-HUNDREDTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, That there is hereby created a special committee to study the community reinvestment ratings and practices of financial institutions designated as state depositories.

BE IT FURTHER RESOLVED, That the special committee shall be composed of five (5) members of the house of representatives, to be appointed by the respective speakers.

BE IT FURTHER RESOLVED, That the special committee shall, at a minimum, in its deliberations consider the following:

(a) the competition for financial services among financial institutions which are subject to the requirements of the Community Reinvestment Act as opposed to those providers of financial services who are not subject to the Community Reinvestment Act, including, but not limited to, credit unions, investment bankers, mutual funds, stockbrokers, loan companies, insurance agents, and insurance companies;

(b) the placement of state and local funds for investment with financial service providers which are not subject to the provisions of the Community Reinvestment Act;

(c) the impact of use of Community Reinvestment Act ratings as an indicator for designation as a public depository on the state treasurer, municipal and county governments as to both availability of financial services and return on investments; and

(d) the impact on the safety and soundness of a financial institution which could be denied access as a public depository.

BE IT FURTHER RESOLVED, That the Department of Financial Institutions and the Comptroller of the Treasury shall provide assistance to the special committee upon request of the chair.

BE IT FURTHER RESOLVED, That all legislative members of the special committee shall remain members of such committee until the committee reports its findings and recommendations to the General Assembly and shall be paid as members of the General Assembly are paid for attending legislative meetings as provided in Tennessee Code Annotated, Section 3-1-106.

BE IT FURTHER RESOLVED, That the committee shall be convened by the member with the most years of continuous service in the General Assembly, and at its first meeting shall elect a chair, vice-chair and any other officers the committee deems necessary.

BE IT FURTHER RESOLVED, That the special committee shall timely report its findings and recommendations, including any proposed legislation or interim reports to the One-Hundredth General Assembly prior to the adjournment of its 1998 session, at which time the committee shall cease to exist.